

DR 98-174

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Order on Compliance Filing

O R D E R N O. 23,343

November 15, 1999

On October 1, 1999, Public Service Company of New Hampshire (PSNH or the Company) filed its proposed Co-Pay Appliance Management Program (CAMP) description for Commission approval. The Company's cover letter indicated that this program was being proposed as part of PSNH's efforts to comply with Commission Order No. 23,172, dated March 25, 1999, approving funding for and authorizing implementation of a Pay-As-You-Save program (PAYS). It also indicated that the Company consulted with the Governor's Office of Energy and Community Services (GOECS), the Office of Consumer Advocate (OCA), and New Hampshire Legal Assistance.

PSNH's proposal would provide low-income customers with energy efficient refrigerators and bill-reducing HEATSMART installations for a substantially reduced one-time up-front payment. Landlords would also be eligible to participate on behalf of income-eligible tenants, but at a higher up-front investment. The Company noted that limitations on the PSNH billing system delay the Company from implementing a true PAYS program this year. The October 1, 1999 letter states that the Company and GOESC personnel consulted with "individuals and

agencies experienced with traditional PAYS Programs," and determined that the traditional PAYS approach tends to be unsuccessful for low-income programs for three reasons: difficulty of low-income customers in meeting ongoing payment obligations, administrative costs related to collections, and difficulties of low-income customers in paying any co-payment. For these reasons, PSNH proposes its alternative to PAYS to fulfill the requirements of Order No. 23,172.

The Commission has reviewed the proposed CAMP program and determines that it does not meet the requirements of Order No. 23,172 to qualify for funding under that order. The Commission appreciates the efforts of the parties to address the requirements of Order No. 23,172. However, the CAMP program differs from PAYS in essential respects.

First, unlike CAMP, PAYS-type programs do not contain any up-front charge. As noted in the October 1st letter, this is particularly important for low-income customers whose disposable income is very limited. Second, while CAMP requires a landlord co-pay, PAYS programs do not. It stands to reason that obtaining landlord approval, and landlord co-payment, presents a barrier to participation for tenants. Thus, CAMP appears to be a traditional utility incentive program with an up-front co-payment obligation.

The Commission, in Order No. 23,172, noted that, under a PAYS approach, "the customer receives the measure and in return

agrees to pay a portion of the cost of the measure over time as a component of the bill." Order at 18. The Order also notes that even low-income customers can participate, "as they do not need to cover high up-front payments..." Id. at 19. As CAMP does not satisfy these criteria, it is not a program that satisfies the Commission's criteria in Order No. 23,172.

The Commission appreciates that with Y2K, NE-ISO and retail competition information services requirements, 1999 has been a difficult year in which to work on a PAYS modification to the PSNH billing system. We expect that these demands are lessening, and that the Company can soon revisit the question of the allocation of its administrative resources. The Commission denies funding the authorization for the Company's alternative CAMP program, and will address what further steps PSNH and other utilities must take in the future regarding demand-side management, in our decisions on the report and work of the Energy Efficiency Working Group. Our denial of this proposal is without prejudice to the Company's option to file a revised compliance filing, after consultation with the parties. A draft paper prepared for the Energy Resources and the Environment Committee of the National Association of Regulatory Utility Commissioners by the Energy Efficiency Institute, developers of PAYS approaches, which is now available, provides further information on the design of PAYS programs. While this paper goes beyond the PAYS approaches referenced in Order No. 23,172 (by proposing a

charge that runs with the meter), it describes essential PAYS characteristics and may be instructive.

Based upon the foregoing, it is hereby

ORDERED, that we deny approval of PSNH's proposed CAMP program.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of November, 1999.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary